

MEMORANDUM

DATE: SEPTEMBER 14, 2000
TO: RTO WEST ANCILLARY SERVICES WORK GROUP
FROM: MIKE CADWALADER
RE: ANCILLARY SERVICES WORKSHOP
CC: BARNEY SPECKMAN

During the ancillary services workshop I will lead on June 8, I plan to discuss the following topics:

- Order 2000 and its Implications for Ancillary Services Markets
- Economic Fundamentals of Designing Ancillary Services Markets
- Determining Which Ancillary Services to Offer
- Coordinating Activities of Control Area Operators to Facilitate RTO Ancillary Services Markets
- Identifying Services for Which Competitive Markets Can Be Created
- Determining Demand for Ancillary Services
- Selecting Suppliers for Ancillary Services
- Calculating Payments to Suppliers of Ancillary Services
- Incentives for Providers of Ancillary Services to Fulfill Their Obligations
- Allocating Responsibility for Providing Ancillary Services

Although it may vary some from topic to topic, the general procedure that I plan to cover while reviewing these topics is to discuss: (1) a general framework for developing solutions for each topic that comply with Order 2000 and that are consistent with the economic objectives that ought to underlie the design of the market; (2) solutions that have been proposed in other areas and in IndeGO and to assess how well those solutions meet those standards; (3) any factors pertinent to the Northwest that would affect the determination of the best answer to a given question; and (4) what an interim solution to some of these issues might look like, because it may not be possible to implement the anticipated end-state solutions fully as of the RTO's start-up date.